

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CWB SERVICES, LLC, *et al.*,

Defendants.

Case No. 4:14-cv-00783-DW

**NOTICE OF ADDITIONAL CORPORATE RECEIVERSHIP DEFENDANTS
(CANYON ROAD HOLDINGS, LLC, HUSKHAWK INVESTMENT GROUP,
LLC, AND INCREMENTUM INVESTMENT GROUP, LLC)**

Receiver, Larry E. Cook, by and through undersigned counsel, provides Notice of Additional Corporate Receivership Defendants. As set forth below, both the Temporary Restraining Order (Docket No. 10) ("TRO") and the Stipulated Preliminary Injunction with An Asset Freeze, Appointment of a Receiver, and Other Equitable Relief (Docket No. 34) ("PI Order") in this case define "Receivership Defendants" to include the Corporate Defendants named in this case "as well as any other business related to the Defendants' lending or customer service business and which the Receiver has reason to believe is owned or controlled in whole or in part by any of the Defendants." This Notice is filed to provide the Receiver's reasons for including additional business entities as Receivership Defendants.

ADDITIONAL RECEIVERSHIP DEFENDANTS

A. Canyon Road Holdings LLC

Canyon Road Holdings, LLC (“Canyon Road”) is a Kansas limited liability company formed on or about January 26, 2011 by Defendant Frampton T. Rowland, III (“Rowland”) and DNA Investments, LLC (“DNA”). DNA owns 66.7% of Canyon Road. Rowland owns 33.3 % of Canyon Road. The Canyon Road Operating Agreement states the purpose of Canyon Road is engaging in the business of marketing, collecting and making fee based loans. Through his investigation and due diligence into Canyon Road’s finances, the Receiver has determined Canyon Road’s primary purpose was to raise capital from individual investors¹ to fund the consumer payday made by the following corporate defendants in this case, each of which is owned 66.7% by DNA and 33.3% by Rowland: Longboat Group, LLC d/b/a Cutter Group (“Longboat”), St. Armands Group, LLC (“St. Armands”), Anasazi Group, LLC (“Anasazi”), Oread Group LLC d/b/a Mass Street Group (“Oread”), and Vandelier Group LLC (“Vandelier”) (collectively, the DNA/Rowland Lending Entities”). The DNA/Rowland Lending Entities received capital from Canyon Road, made consumer payday loans, collected loans plus interest and fees, made transfers to its investors and also made distributions to its owners. In short, Canyon Road was a capital raising arm of the DNA/Rowland Lending Entities’ consumer lending enterprise.

¹ The investors in Canyon Road and the other Additional Receivership Defendants styled their investments as loans with distributions paid to the investors reported as interest payments. They are referred to as investors herein to avoid confusion given the corporate defendants were lenders to consumers vs. investors were lenders to the defendants.

A consolidated income statement for Canyon Road reflecting revenue and expenses for 2011 through 2014 is attached hereto as **Exhibit A**. As reflected on Canyon Road's consolidated income statement, Canyon Road's revenue in excess of \$19 million between 2011 and 2014 was derived from fees paid by the Rowland Lending Entities and Canyon Road's expenses for 2011 to 2014 were primarily repayment to the investors and management fees to related entities. In addition, the Receiver has reviewed Canyon Road's bank statements and identified in excess of \$8 million in owner distributions paid to Rowland and DNA between 2011 and 2014. The Receiver has concluded that Canyon Road Holdings, LLC was related to the Defendants' lending or customer service business and was controlled in whole or in part by Defendant Rowland. Pursuant to the TRO and PI Order, Canyon Road Holdings, LLC is an additional Receivership Defendant.

B. Huskhawk Investment Group, LLC

Huskhawk Investment Group, LLC ("HHIG") is a Kansas limited liability company formed on or about June 7, 2007 by Defendant Rowland and Randy M. Fricke ("Fricke"). Rowland and Fricke each owned fifty percent of HHIG until 2015 when, upon information and belief, Fricke transferred his ownership interest in HHIG to Rowland. Between 2007 and 2014, HHIG received its bank statements, maintained its registered agent address, and received all other business mail at Rowland's business address.

Through his investigation and due diligence into HHIG's finances, the Receiver has determined HHIG's primary purpose was to raise capital from investors to fund the consumer payday loans made by the first generation of consumer lending entities organized or controlled by Defendant Rowland including FRH Marketing Company,

LLC (“FRH”), Huskhawk Group Ltd. (HHG”), and JHS Marketing, LLC (“JHS”). FRH, HHG, and JHS were consumer lending entities whose business operations had either completely or nearly completely ceased prior to the commencement of this case. At this time, the Receiver is not naming FRH, HHG, or JHS as additional Receivership Defendants because there is no benefit to the receivership estate to do so. HHIG, however, as a capital raising arm for the first generation of consumer lending entities, is an additional Receivership Defendant.

A consolidated income statement for HHIG reflecting revenue and expenses for 2007 through 2014 is attached hereto as **Exhibit B**. As reflected on HHIG’s consolidated income statement, HHIG’s revenue in excess of \$4 million between 2007 and 2014 was derived from fees paid by the first generation of the Rowland lending entities. HHIG’s expenses for 2007 to 2014 were primarily payment of “leads” or potential consumer borrowers and repayment to the investors and management fees to related entities. In addition, the Receiver has reviewed HHIG’s bank statements and identified in excess of \$1.7 million in owner distributions, loans, and other transfers made to Rowland and Fricke between 2007 and 2014. The Receiver has further identified in excess of \$1.3 million in net profits paid to investors by HHIG between 2007 and 2013.

The Receiver has concluded that Huskhawk Investment Group, LLC was related to the Defendants’ lending or customer service business and was controlled in whole or in part by Defendant Rowland. Pursuant to the TRO and PI Order, Huskhawk Investment Group, LLC is an additional Receivership Defendant.

C. Incrementum Investment Group, LLC

Incrementum Investment Group, LLC ("IIG") is a Kansas limited liability company formed on or about January 16, 2009 by Defendant Rowland and LJAJ Enterprise, LLC ("LJAJ"). Rowland owns 66.7% of IIG and LJAJ owns 33.3% of IIG. Between 2009 and 2014, IIG received its bank statements, maintained its registered agent address, and received all other business mail at Rowland's business address.

Through his investigation and due diligence into IIG's finances, the Receiver has determined IIG's primary purpose was to raise capital from investors to fund the consumer payday loans made by the first generation of consumer lending entities organized or controlled by Defendant Rowland including FRH, HHG, and JHS as described for HHIG.

A consolidated income statement for IIG reflecting revenue and expenses for 2009 through 2014 is attached hereto as **Exhibit C**. As reflected on IIG's consolidated income statement, IIG's revenue in excess of \$4 million between 2009 and 2014 was derived from fees paid by the first generation of the Rowland lending entities FRH, JHS, and HHG. IIG's expenses for 2009 to 2014 were primarily payment of "leads" or potential consumer borrowers and repayment to the investors and management fees to related entities. In addition, the Receiver has reviewed IIG's bank statements and identified in excess of \$275,000 in owner distributions, loans, and other transfers made to Rowland between 2009 and 2011. The Receiver has further identified in excess of \$400,000 in net profits paid to LJAJ between 2010 and 2013.

The Receiver has concluded that Incrementum Investment Group, LLC was related to the Defendants' lending or customer service business and was controlled in

whole or in party by Defendant Rowland. Pursuant to the TRO and PI Order, Incrementum Investment Group, LLC is an additional Receivership Defendant.

Dated: March 31, 2015.

Respectfully submitted,

LATHROP & GAGE LLP

By: /s/ Brian M. Holland
Brian M. Holland MO # 51307
2345 Grand Blvd, Suite 2400
Kansas City, MO 64108
Telephone: 816.292.2000
Telecopier: 816.292.2001
Email: bholland@lathropgage.com

Attorneys for Larry E. Cook,
Receiver

CERTIFICATE OF SERVICE

I hereby certify that on this 31th day of March, 2015, I electronically filed the foregoing document, with the Clerk of the Court for the Western District of Missouri by using the CM/ECF system which will send a notice of electronic filing to all parties participating in the Court's CM/ECF system.

/s/ Brian M. Holland
An Attorney for Larry E. Cook,
Receiver